

**CALIFORNIA MEDICAL ASSISTANCE COMMISSION**

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**CALIFORNIA MEDICAL ASSISTANCE COMMISSION**

State Capitol, Room 113

Sacramento, CA

**Minutes of Meeting**

July 14, 2005

**COMMISSIONERS PRESENT**

Nancy E. McFadden, Chair  
Marco Firebaugh  
Diane M. Griffiths  
Teresa P. Hughes  
Lynn Schenk  
Cathie Bennett Warner

**CMAC STAFF PRESENT**

J. Keith Berger, Executive Director  
Enid Barnes  
Theresa Bueno  
Paul Cerles  
Denise DeTrano  
Holland Golec  
Steve Soto  
Michael Tagupa  
Mervin Tamai  
Carol Tate  
Karen Thalhammer

**COMMISSIONER ABSENT**

Vicki Marti

**EX-OFFICIO MEMBERS PRESENT**

Nathan Stanley, Department of Finance  
Sunni Burns, Department of Health Services

**I. Call to Order**

The July 14, 2005 open session meeting of the California Medical Assistance Commission (CMAC) was called to order by Chair Nancy E. McFadden. A quorum was present.

**II. Approval of Minutes**

The June 23, 2005 meeting minutes were approved as prepared by CMAC staff.

### **III. Executive Director's Report**

Mr. Berger reported that there were no new requests from hospitals or health plans to appear before the Commission in closed session at this time.

Mr. Berger informed the Commissioners that there were 16 amendments and new contracts for action during today's closed session as well as some updates and strategic discussions on current negotiations.

Mr. Berger noted that the Hospital Financing Waiver proposal continues to move forward. DHS has had some initial discussions with Centers for Medicare & Medicaid Services (CMS) on the draft terms and conditions of the waiver that was recently sent to CMS. On July 11 DHS issued a draft document of general guiding principles to encourage discussions and comments regarding issues important in the development of the legislation implementing the new waiver. DHS had a conference call with the hospital representatives on Tuesday July 12 to go over the document, and on July 13 there was a joint legislative hearing on the hospital financing waiver held by both Assembly and Senate Health Committees, in conjunction with the Assembly and Senate Budget Sub committees that deal with Medi-Cal.

Mr. Berger asked Sunni Burns to give the Commission an update on the past week's events.

Ms. Burns indicated that there was a conference call with CMS last week to talk through the proposed terms and conditions of the new waiver. She informed the Commission that there is a follow-up call scheduled for July 15, 2005 to work through the Certified Public Expenditures (CPE) process and that the State is still on the same time schedule for an August 1 approval by CMS. The State's goal is to get legislation passed by September 7, 2005.

Mr. Berger added that what's described in the discussion document includes general principles in terms of respective responsibility. DHS would be administering the CPE process and continuing to administer the Disproportionate Share Hospital program (DSH) (SB 855) for both public and private hospitals in sort of a "virtual DSH" program, as well as administering the safety net care pool. CMAC would be continuing to negotiate per diems and other supplemental payments with private hospitals, as well as entering into contracts on behalf of DHS with public hospitals.

Ms. Burns stated that one point that was discussed at the legislative hearing yesterday is the concept of hold harmless. DHS has proposed that hold harmless is to mean that hospital programs would receive the same level of funding under the new system that the hospital programs would have received under the current process.

Mr. Berger noted several other issues that were touched on at the legislative hearing on July 13, including timing, the need for more information, source and availability of the state match needed to draw down federal funds, and eligibility requirements for supplemental programs.

In response to the Chair's inquiry, Ms. Burns stated that the principles that were discussed at the hearing yesterday will be reflected in legislation, but that those principles are still being discussed and changed.

Mr. Berger noted that a separate hearing is being scheduled to address Medi-Cal managed care issues in the draft terms and conditions related to the \$180 million from the safety net care pool, which is tied to the passage of legislation that would move seniors and persons with disabilities into managed care.

In response to Chair McFadden question, Mr. Berger stated that there is concern about how the new waiver will be implemented, how will hospitals get paid while transitioning to the new waiver.

Mr. Berger's understanding from Mr. Rosenstein's of DHS testimony yesterday, is that the terms and conditions from the federal government will allow for a continuation of current payments, whether that is per diems or interim rates, until such time that the new system is in place. Once the new waiver is approved and implemented DHS will be able to go back and reconcile those payments to what would be paid under the new system.

Mr. Berger updated the Commission on the State budget indicating that there was a veto message in the Governor's budget that reduced Commissioners' salaries to \$50,000 per year. This salary reduction requires a change in statutory language that is included in Section 38 of Senate Bill 64. The new salaries are effective January 1, 2006.

Mr. Berger noted that staff has provided the Commission with a draft copy of the 2005 CMAC "Legislative Annual Report." Mr. Berger encouraged the Commission that if there are any comments or questions to please contact him. He further noted that a copy of the final report will be presented to the Commission at the July 28 Commission meeting for approval and subsequent distribution.

In concluding his report, Mr. Berger reminded the Commission of the upcoming presentations. He indicated that on July 28 representatives from the Region IX office of CMS and from DHS will be present to update the Commission on the new Medicare drug benefits and its impact on managed care plans, Medi-Cal beneficiaries and the Medi-Cal budget.

For the August 11 Commission meeting, representatives from the California Health Facilities Financing Authority and from the Cal Mortgage program at the Office of Statewide Health Planning and Development will be present. They will provide the Commission with an overview of the loan and bond programs available to hospitals and answer any questions the Commission might have.

#### **IV. Medi-Cal Managed Care Activities**

Mr. Berger indicated that there was nothing new to report at this time.

#### **V. New Business/Public Comments/Adjournment**

There being no further new business and no additional comments from the public, Chair Nancy McFadden recessed the open session. Chair McFadden opened the closed session, and after closed session items were addressed, adjourned the closed session, at which time the Commission reconvened in open session. Chair McFadden announced that the Commission had taken action on hospital and managed care contracts and amendments in closed session. The open session was then adjourned.